

NUTRITION SERVICES DIVISION MANAGEMENT BULLETIN		No.: 00-103
TO:	School Nutrition Program Sponsors	ISSUE DATE: February 2000
ATTENTION:	Food Service Directors	
FROM:	School Nutrition Programs Unit	
SUBJECT:	Record Retention Requirements - Provision 2 and Provision 3	
REFERENCE:	United States Department of Agriculture (USDA), All Points Bulletin SP-22-24	

This management bulletin clarifies the recordkeeping requirements for schools implementing either of the special assistance certification and claiming alternatives, Provision 2 or Provision 3.

Article 7 of the Code of Federal Regulations (CFR), parts 210.15(b) and 220.7(e), requires school food authorities (SFA) to retain records for three years after submission of the final Claim for Reimbursement for the fiscal year (FY) to which the records pertain. If audit findings have not been resolved, the records must be retained beyond the 3-year period as long as required for the resolution of the issues raised by the audit.

Base Year

Under Provisions 2 and 3, the base year is the last school year that eligibility determinations were made and meal counts obtained by type (free, reduced price, and paid). A non-base year is any year during a Provision's cycle which is not a base year. Because the statute permits Provision 2 and 3 schools to earn cash and commodity assistance for the base year and three or more subsequent years on the basis of base-year data, SFAs must retain some of their base year records beyond the three-year period. Records that must be retained beyond the three-year period are those which support subsequent year earnings. This includes base-year documentation of participation data, approved/denied free and reduced price applications, direct certification data, and verification records. In addition, enrollment data for the base year must be retained for schools under Provision 3.

Such records must be retained during the period the Provision is in effect, including all extensions. In addition, such records must be retained for three FYs after the submission of the last Claim for Reimbursement of the final FY which employed base-year data. For a Provision 2 or 3 school, base-year data must be retained for seven years, and longer if extensions are granted.

Non-Base Year

For non-base years, records must be retained for three years after submission of the final Claim for Reimbursement for the FY to which they pertain. Non-base year records for SFAs of schools under Provision 2 must include records of total daily meal counts of reimbursable meals, edit checks, and on-site review documentation. Non-base year records for schools under Provision 3 must include records of on-site review documentation and annual enrollment data which was used to adjust the level of assistance.

Extensions

SFAs that receive an extension of Provision 2 or 3 must retain records of the socioeconomic data used to determine the income level of the school's population for the base year and year(s) in which extension(s) were made. Such records must be retained during the period the Provision was in effect, including all extensions, plus three FYs after the submission of the final Claim for Reimbursement for the FY which employed base-year data.

Other Records

Recordkeeping requirements for other records related to the operation of The National School Lunch Program and School Breakfast Program for schools under Provision 2 or 3 remain unchanged.

As a reminder, if review or audit findings have not been resolved, the records must be retained as long as required for the resolution of the issues raised by the review or audit. Also, the State agency (SA) may require that SFAs retain additional records or may impose longer record retention timeframes for schools under Provision 2 or 3.

Failure to maintain base year and subsequent year records will result in corrective action, including, but not limited to, requiring the school to establish a new base year or return to standard meal counting and claiming procedures. In addition, lack of required records may result in the calculation of an overclaim extending back through the base year.

In order to avoid the difficulties and possible overclaims related to insufficient record retention, the SA may conduct a Coordinated Review Effort (CRE) visit to Provision 2 and 3 schools early in the base year of implementation. In addition to the review of performance standards, SAs will ensure that schools implementing Provision 2 or 3 are aware of the recordkeeping requirements. If the SA review schedule prevents a full CRE, every effort will be made to conduct an abbreviated evaluation of the certification/benefit issuance process and meal counting procedures for schools under Provision 2 or 3. Please note that the conduct of a CRE or abbreviated visit does not eliminate an SFA's recordkeeping requirement as outlined above.

If you have any questions about this bulletin, please contact your School Nutrition Programs Analyst at (916) 323-1580 or (800) 952-5609.

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